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SUBJECT: GUAYAQUIL BUSINESS LEADERS FRET OVER ECONOMIC
MANAGEMENT AND ATPA RENEWAL

REF: QUITO 883

¶1. (SBU) Summary. On September 17, the Ambassador met for the first time with leaders of the Guayaquil business sector to hear views on the investment climate in Guayaquil, Ecuador, s commercial center, and priorities for the bilateral relationship between the U.S. and Ecuador. Most participants expressed a pessimistic view of the economic climate and the policies of the Correa Administration. They repeatedly stressed the importance of renewing trade preferences under ATPA. The Ambassador discussed the bilateral dialogue, emphasized cooperation that increased job creation and reduce poverty, and sought cooperation with the private sector on shared goals. End Summary.

¶2. (U) On September 17, as part of the Ambassador, s first visit to Guayaquil, 34 representatives of the Guayaquil business community gathered to brief the Ambassador on the business situation in Guayaquil, and to hear her views on the bilateral relationship between Ecuador and the United States. Maria Gloria Alarcon, President of the Guayaquil Chamber of Commerce (COC) hosted and mediated the informal question and answer session. Also present from the US Mission were Deputy Chief of Mission, Guayaquil Consul General, Econ Counselor and Commercial Attache, .

ATPA Renewal

¶3. (SBU) Alarcon began the meeting expressing her disappointment that the Free Trade Agreement (FTA) discussions were never completed. She asked if any future treaty between Ecuador and the US would happen and if ATPA would be renewed. Carlos Andrade, Interim President of the Guayaquil Chamber of Industry, emphasized that the GOE needed to work on some kind of agreement, even if it was not an FTA. Bruno Leone of the Chamber of Fisheries emphasized the tuna industry, s long-term investments and the need for ATPA to be renewed. Leone said that, "While the Correa government is populist, we want the USG to be more aggressive on the economic front. It, s not just tuna, it, s flowers, broccoli- these are markets with long-term investment and we need to keep that in mind." He also noted that anti-narcotics cooperation with Ecuador remained strong and that the U.S. should renew ATPA to reward that cooperation. Augustin Jimenez, President of the Chamber of Fisheries, echoed the need for ATPA renewal, "If we don, t have markets, nothing matters. We must insist on ATPA. We can go on a pilgrimage to Washington if we have to." Alarcon noted that Ecuadorian delegations from the fish and flower sectors have gone to Washington to lobby for ATPA renewal.

Grim Outlook on Investment

¶4. (SBU) Executive Director of the Guayaquil Chamber of Commerce Teodoro Maldonado told the Ambassador that the business community felt threatened by the lack of private investment as a result of concerns about the new constitution and the resulting instability. AmCham President Maria Phillips underlined the special relationship Guayaquil has with the U.S. and the importance of Guayaquil as an employment center. The Chamber of Industry,s Andrade seconded the opinion: "There is no new investment and we need new investment for more production. It is hard to see a willingness to invest. This will depend on the GOE,s ability to loan money and our problem now is that the current government is not effective in its handling of funds."

U.S. Assistance and Views of Ecuador

¶5. (SBU) Andrade asked what the USG was doing to promote job creation in Ecuador. The Consul General responded by discussing USAID projects that are being created to help develop the business and private sector, in particular micro-businesses. Maldonado pressed the Ambassador to please emphasize to Washington that Ecuador was not the same as its neighbors in Venezuela or Bolivia and that the economic issues remain in the forefront of our bilateral relationship. Richard Hall, a board director of the Chamber of Commerce, said, "We are in a place where governments are populist. This is their politics, but please don,t forget the business sector."

¶6. (U) The Ambassador briefed the business representatives on the Bilateral Dialogue between Ecuador and the United States, noting its objective of emphasizing areas of

cooperation and exploring new areas of mutual interest where the two governments could work together.

¶7. (SBU) Comment: The group,s focus on ATPA renewal was notable. These business leaders have been through the renewal process a number of times, and many have lobbied for it personally. In a follow-on discussion, Chamber of Commerce President Alarcon told the CG that business leaders were mildly panicked about renewal this time. Regional developments have the commercial sector very worried. Alarcon said that as soon as the news hit over Ambassador Goldberg,s removal from Bolivia, local business leaders were calling Alarcon to ask for her analysis on the impact on ATPA renewal.

¶8. (SBU) Comment continued: The Guayaquil business community has consistently had a more distant and skeptical relationship with the Correa Administration than has the Sierra business communities in Quito and Cuenca. The Ambassador's business interlocutors in Guayaquil focused on the debilitating effects of economic uncertainty, and evidently do not have much access to the Correa government. In contrast, many members of the largely Quito-based U.S. business community report that they can work with the Correa administration, although they are also concerned about the unpredictable business climate (reftel).
End comment.
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